The Scoop on Scope of Loss
Solving Reconstruction Pricing Disputes

April 19, 2023
California 2022 & Marshall Wildfires
About United Policyholders (UP)

- Reputable, established 501(c)3 not-for-profit charitable organization, Platinum Guide Star rating

- A trusted information resource and respected voice for insurance consumers in all 50 states

- 32 year track-record and expertise in disaster recovery

- Not for profit…not for sale

- Funded by donations and grants
Team UP

- Professional staff
- Government and nonprofit partners
- Volunteers
  - Fired UP Survivors - previous catastrophic loss survivors paying it forward
  - Consumer-oriented professionals
    - Damage and repair/rebuild cost estimators
    - Lawyers
    - Public Adjusters
    - Tax and Financial Planning experts
    - Construction and Real Estate professionals
Our Three Programs

Roadmap to Recovery®
– Guidance on insurance, restoring assets and getting back home after a catastrophic loss

Roadmap to Preparedness
– Helping households and communities reduce risk and be resilient to disasters and adversity

Advocacy and Action
– Fighting for insurance consumer rights and protections
Disaster Insurance Help Libraries
uphelp.org/recovery/disaster-recovery-help

- State Specific Resources with Step-by-Step Guidance
- One Click Links to Sign UP for Events And Email Notifications
- Links to Pro-consumer Professional Help www.uphelp.org/findhelp
- Sample Letters & Claim Forms www.uphelp.org/samples
- Survivors Speak Tips www.uphelp.org/survivorsspeak
- Upcoming Workshops and Resources www.uphelp.org/events
The Fine Print

• This workshop is intended to be general guidance only, not legal advice

• We don’t endorse or warrant any of the sponsors listed at www.uphelp.org or speakers at our workshops

• Our speakers are volunteering their time as educators
Recovering from a disaster is a marathon, not a sprint
Valerie Brown  
Deputy Executive Director, United Policyholders

Larry Izzo  
Scope Writing Services, LLC

Annie Barbor  
Roadmap to Recovery® Coordinator & 2017 Tubbs Fire survivor
Coverage A: Dwelling Coverage

• This is the “big ticket” item in your policy;

• Do the math to know your limits
  – Your Coverage A limits for main dwelling
  – Do you have “extended replacement”? (commonly 25%, 50% or 100%)
  – Other Structures
  – Debris Removal - Usually 5% PER coverage
  – Code Upgrade Coverage ( Ordinance & Law)
  – Trees, Shrubs and Plants
Sample HO Policy

UNITED SERVICES AUTOMOBILE ASSOCIATION
9800 Fredericksburg Road - San Antonio, Texas 78288
AMENDED DECLARATIONS PAGE - EFFECTIVE 07/15/21

Named Insured and Residence Premises

Policy Number

SAN DIEGO, SAN DIEGO, CA

Policy Period From: 07/15/21 To: 07/15/22
(12:01 AM. standard time at location of the residence premises)

Coverage Categories
Coverage A = Dwelling
Coverage B = Other Structures
Coverage C = Personal Property/Contents
Coverage D = Loss of Use/Additional Living Expenses
Extended Replacement Coverage
Building Code Upgrades/Ordinance & Law

SECTION I - COVERAGE AND AMOUNTS OF INSURANCE

<table>
<thead>
<tr>
<th>Coverage Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage A - Dwelling Protection</td>
<td>$505,000</td>
</tr>
<tr>
<td>Home Protector Endorsement (HO-125), May Add Up To</td>
<td>$126,250</td>
</tr>
<tr>
<td>Coverage B - Other Structures Protection</td>
<td>$50,500</td>
</tr>
<tr>
<td>Home Protector Endorsement (HO-125), May Add Up To</td>
<td>$12,625</td>
</tr>
<tr>
<td>Coverage C - Personal Property Protection</td>
<td>$378,750</td>
</tr>
<tr>
<td>Coverage D - Loss of Use Protection (Up To 12 Months)</td>
<td>$101,000</td>
</tr>
</tbody>
</table>

SECTION II - COVERAGES AND LIMITS OF LIABILITY

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Liability - Each Occurrence</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Medical Payments to Others</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

DEDUCTIBLES (Applies to SECTION I Coverages Only)
We cover only that part of the loss over the deductible stated.

All Perils

$2,000

POLICY PREMIUM for Section I and Section II Coverages Above

$1,518.58

Copyright 2023. United Policyholders.
All rights reserved.
Replacement Cost (Extended) Example 25% or $25,000

(A) Basic Dwelling Coverage
Example $100,000 = 100%
(for example only, may not reflect actual coverage, refer to your policy)
All amounts to be multiplied by Actual Basic Dwelling Coverage multiplier (e.g. $475,000 = 4.75)

Dwelling
Debris Removal 5% or $5,000

Trees & Shrubs 5% or $5,000

Pollution, FD charge, antennae, etc. $$$ TBD

Other Structures
$12,500

Contents
$80,000

>=$227,500

Example

Dwelling 100% = $100,000
Extended $25,000
Dwelling Debris $5,000
Trees & Shrubs $5,000
Pollution, etc. TBD
Other Structures $12,500
Contents $80,000

>=$227,500
# Know Your Limits

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling (with inflation)</td>
<td>$421,309.17</td>
</tr>
<tr>
<td>Extended Limits - Dwelling</td>
<td>$210,654.59</td>
</tr>
<tr>
<td>Other Structures (with inflation)</td>
<td>$42,130.92</td>
</tr>
<tr>
<td>Personal Property (with inflation)</td>
<td>$294,916.42</td>
</tr>
<tr>
<td>Building Code (included in cov. A)</td>
<td></td>
</tr>
<tr>
<td>Trees/Plants/Shrubs</td>
<td>$21,065.46</td>
</tr>
<tr>
<td>Debris Removal - Dwelling</td>
<td>$21,065.46</td>
</tr>
<tr>
<td>Debris Removal - OS</td>
<td>$2,106.55</td>
</tr>
<tr>
<td>Debris Removal - Contents</td>
<td>$14,745.82</td>
</tr>
<tr>
<td>Debris Removal - TPS</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Loss of Use</td>
<td>$209,000.00</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$1,237,994.38</strong></td>
</tr>
</tbody>
</table>
Dwelling Claim Process

• Often, the dwelling claim settlement process will begin with the insurer preparing a **scope of loss** on your destroyed property – most likely in Xactimate.

• A scope of loss details the **materials, quantities, and range of work needed** to repair/rebuild what you had prior to the disaster.

• A scope of loss is different from an **estimate, or bid**, which adds in prices for each line item.
What is a Scope of Loss?

• A Scope of Loss is a detailed, line item breakdown of all the items and services necessary to rebuild or repair a damaged property back to “pre-loss” condition.

• A thorough Scope of Loss will detail each room to identify all damages being addressed and avoid lumping items together, which could cause confusion.
# Scope Of Loss

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>41. R&amp;R Underlayment - 1/2&quot; particle board</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>42. Floor preparation for resilient flooring</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>43. Vinyl plank flooring - Premium grade</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>Kardeen vinyl flooring</td>
<td></td>
</tr>
<tr>
<td>44. Add for glued down application over wood substrate</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>45. R&amp;R Baseboard - 8&quot; hardwood - 2 piece</td>
<td>29.38 LF</td>
</tr>
<tr>
<td>46. R&amp;R Shelving - full height unit - Standard grade</td>
<td>11.00 LF</td>
</tr>
<tr>
<td>47. Drywall patch / small repair, ready for paint</td>
<td>1.00 EA</td>
</tr>
<tr>
<td>48. Texture drywall - smooth / skim coat</td>
<td>308.48 SF</td>
</tr>
<tr>
<td>49. Interior door, 8' - Detach &amp; reset</td>
<td>1.00 EA</td>
</tr>
<tr>
<td>50. Mask and prep for paint - paper and tape (per LF)</td>
<td>29.38 LF</td>
</tr>
<tr>
<td>51. Seal &amp; paint baseboard, oversized - two coats</td>
<td>29.38 LF</td>
</tr>
<tr>
<td>52. Paint casing - oversized - one coat</td>
<td>16.00 LF</td>
</tr>
</tbody>
</table>
# Scope Of Loss

**Living Room**

<table>
<thead>
<tr>
<th>Door</th>
<th>Description</th>
<th>Dimensions (inches)</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door</td>
<td>2' 9&quot; x 6' 8&quot;</td>
<td>Opens into KITCHEN</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Door</td>
<td>2' 9&quot; x 6' 8&quot;</td>
<td>Opens into HALL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Door</td>
<td>3' x 6' 8&quot;</td>
<td>Opens into FRONT PORCH</td>
<td>1.00</td>
<td>$625.15</td>
<td>625.15</td>
</tr>
</tbody>
</table>

**DOORS & WINDOWS**

- Skylight (reflective tube)
  - 13"
- Skylight flashing kit
  - Dome
  - 107.15
- Wood window - picture (fixed), 12-23 sf
  - 715.10
- Wood window - double hung, 13-19 sf
  - 715.10

All LR windows were double hung, with stain grade grid and were double paneled.

**Add-on for grid (double or triple glazed windows)**

- SF
  - 76.00
  - 2.35
  - 178.60

**Add-on for "Low E" glass**

- SF
  - 76.00
  - 1.71
  - 129.96

**Stain & finish wood window (per side)**

- Large
  - 66.71
  - 133.42

**Stain & finish wood window (per side)**

- 8.00
  - 69.82
  - 558.56

**Exterior window flashing**

- 58.00
  - 2.72
  - 157.76

**Caulking, acrylic**

- 58.00
  - 1.75
  - 101.50

**Pocket door unit - panel**

- 2.00
  - 341.36
  - 682.72

Stain grade, panelled pocket doors to the Kitchen and the Hall. Doors were solid core, not hollow.

**Exterior door - solid mahogany - paneled**

- 1.00
  - 1,128.48
  - 1,128.48

Solid core exterior, paneled front door that was stained and had a window lite. The door also had a side lite.

**Door lockset & deadbolt - exterior**

- High grade
  - 123.69
  - 123.69

**Door threshold, wood**

- 13.92
  - 13.92

**Door hinges (set of 3)**

- 1.00
  - 40.74
  - 40.74

**Door stop - wall or floor mounted**

- 1.00
  - 13.95
  - 13.95

**Bernard-Sample-Scope**

2/12/2018

Page: 5
First Check = Starting Point

• You may already have gotten a check for your dwelling claim

• Think of this check as your starting point

• You are entitled to the cost to repair/rebuild your home as it was before the fire - up to your policy limits- plus any additional coverages such as Extended Replacement & Code Upgrades
The Initial Estimate

• Pages and pages of items and numbers
• Hard to understand
• Where do you start?
• You might have a contractor’s bid with a big gap between the two
• Have you reached an impasse?
• What do you do?
## Estimate

**Pantry**

### Dimensions
- Height: 10' 6"
- Pantry measurements:
  - 308.48 SF Walls
  - 362.32 SF Walls & Ceiling
  - 5.98 SY Flooring
  - 29.38 LF Ceil. Perimeter
  - 53.84 SF Ceiling
  - 53.84 SF Floor
  - 29.38 LF Floor Perimeter

### Materials

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QTY</th>
<th>REMOVE</th>
<th>REPLACE</th>
<th>TAX</th>
<th>O&amp;P</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>41. R&amp;R Underlayment - 1/2&quot; particle board</td>
<td>53.84 SF</td>
<td>0.76</td>
<td>1.79</td>
<td>2.98</td>
<td>28.06</td>
<td>168.33</td>
</tr>
<tr>
<td>42. Floor preparation for resilient flooring</td>
<td>53.84 SF</td>
<td>0.00</td>
<td>0.87</td>
<td>0.46</td>
<td>9.46</td>
<td>56.76</td>
</tr>
<tr>
<td>43. Vinyl plank flooring - Premium grade</td>
<td>53.84 SF</td>
<td>0.00</td>
<td>12.50</td>
<td>22.38</td>
<td>139.08</td>
<td>834.46</td>
</tr>
<tr>
<td>Kardeen vinyl flooring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44. Add for glued down application over wood substrate</td>
<td>53.84 SF</td>
<td>0.00</td>
<td>0.39</td>
<td>0.73</td>
<td>4.34</td>
<td>26.07</td>
</tr>
<tr>
<td>45. R&amp;R Baseboard - 8&quot; hardwood - 2 piece</td>
<td>29.38 LF</td>
<td>0.68</td>
<td>12.50</td>
<td>17.11</td>
<td>80.88</td>
<td>485.22</td>
</tr>
</tbody>
</table>
Why a bid to build your new home doesn’t typically work

- Problems often arise when a homeowner tries to negotiate a settlement using a bid to build the new home.
- The **home that was lost is what was insured**, and the insurance company wants to know how much they would have to pay to rebuild the destroyed home.
- This determines how much the insurance company is obligated to pay, even if you are actually building something different.
Compare “apples” to “apples”

• In order to determine the proper cost to replace your home you will need to “reconcile” the insurance company estimate and your contractor’s estimate.

• BUT real life builders don’t usually use Xactimate, they use subcontractor bids.

• So, how do you compare or reconcile them?
Start with the Scope

• Your goal is to “fix” the adjuster’s estimate to accurately reflect what you lost

• DON’T worry about the numbers, at the beginning

• First focus on the details

• This is THE MOST IMPORTANT thing!
The dollars are in the details

It is very important to provide the adjuster with as much detail about your pre-loss dwelling as possible:

– Is scope complete (no rooms missing)
– Sizes and shapes: How many rooms, what kind of finishes, what kind of windows, etc.
– Include details (8 ft ceilings vs vaulted or 12 ft ceilings)
– Use whatever information you can get your hands on to recreate detailed descriptions of what your property (interior and exterior) was like before the loss

Be accurate and don’t exaggerate or “pad”
Documentation to describe your pre-loss condition

- Building plans
- Photos (interior and exterior)
- Verbal descriptions (interior and exterior)
- Google Earth (Timeline, Street View and 3D)
- Eagle View - 3D aerial roof and wall measurements
- DraftTech
- Zillow, other realty websites
Describe dwelling in detail (ignore contents):

- Ceilings (materials, soffits, beams, panels, vaults, coffered, domed, etc. – don’t worry about terminology)
- Special conditions (rounded corners, arches, alcoves, etc.)
- Cabinets, countertops, built-ins, closets, etc.
- Doors, trim, baseboards, mantels, ornamentals
- Drywall, texture, paint and flooring materials
- Lighting, windows, switches, window coverings
- Attached appliances and special items
## Family Room

LxWxH 25'0" x 14'3" x 8'0"

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>QNTY</th>
<th>REMOVE</th>
<th>REPLACE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65. Masonite paneling</td>
<td>356.25 SF</td>
<td>0.00</td>
<td>1.70</td>
<td>605.63</td>
</tr>
<tr>
<td>Walls</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>66. Switch</td>
<td>6.00 EA</td>
<td>0.00</td>
<td>13.22</td>
<td>79.32</td>
</tr>
<tr>
<td>67. Outlet</td>
<td>7.00 EA</td>
<td>0.00</td>
<td>11.92</td>
<td>83.44</td>
</tr>
<tr>
<td>68. Light fixture - High grade - 4 bilb with frosted etched glass</td>
<td>2.00 EA</td>
<td>0.00</td>
<td>73.51</td>
<td>147.02</td>
</tr>
<tr>
<td>69. Television cable outlet</td>
<td>1.00 EA</td>
<td>0.00</td>
<td>57.02</td>
<td>57.02</td>
</tr>
<tr>
<td>70. Phone outlet</td>
<td>1.00 EA</td>
<td>0.00</td>
<td>17.77</td>
<td>17.77</td>
</tr>
<tr>
<td>Finish Carpentry</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>71. Baseboard - 4 1/4&quot; hardwood</td>
<td>78.50 LF</td>
<td>0.00</td>
<td>4.60</td>
<td>361.10</td>
</tr>
<tr>
<td>72. Crown molding - 3 1/4&quot; stain grade</td>
<td>78.50 LF</td>
<td>0.00</td>
<td>3.90</td>
<td>306.15</td>
</tr>
<tr>
<td>Paint</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>73. Seal then paint the walls and ceiling twice (3 coats)</td>
<td>984.25 SF</td>
<td>0.00</td>
<td>0.82</td>
<td>807.09</td>
</tr>
<tr>
<td>74. Seal &amp; paint baseboard, oversized - two coats</td>
<td>78.50 LF</td>
<td>0.00</td>
<td>0.91</td>
<td>71.44</td>
</tr>
<tr>
<td>75. Seal &amp; paint crown molding - two coats</td>
<td>78.50 LF</td>
<td>0.00</td>
<td>0.88</td>
<td>69.08</td>
</tr>
<tr>
<td>76. Seal &amp; paint wood window (per side) - 2 sides</td>
<td>6.00 EA</td>
<td>0.00</td>
<td>25.98</td>
<td>155.88</td>
</tr>
<tr>
<td>77. Paint window opening - 2 coats (per side)</td>
<td>3.00 EA</td>
<td>0.00</td>
<td>18.29</td>
<td>54.87</td>
</tr>
<tr>
<td>Flooring</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>78. Carpet - High grade</td>
<td>356.25 SF</td>
<td>0.00</td>
<td>4.47</td>
<td>1,592.44</td>
</tr>
</tbody>
</table>
### Description of Work

<table>
<thead>
<tr>
<th>Description</th>
<th>QTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>41. R&amp;R Underlayment - 1/2&quot; particle board</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>42. Floor preparation for resilient flooring</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>43. Vinyl plank flooring - Premium grade</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>Kardeen vinyl flooring</td>
<td></td>
</tr>
<tr>
<td>44. Add for glued down application over wood substrate</td>
<td>53.84 SF</td>
</tr>
<tr>
<td>45. R&amp;R Baseboard - 8&quot; hardwood - 2 piece</td>
<td>29.38 LF</td>
</tr>
<tr>
<td>46. R&amp;R Shelving - full height unit - Standard grade</td>
<td>11.00 LF</td>
</tr>
<tr>
<td>47. Drywall patch / small repair, ready for paint</td>
<td>1.00 EA</td>
</tr>
<tr>
<td>48. Texture drywall - smooth / skim coat</td>
<td>308.48 SF</td>
</tr>
<tr>
<td>49. Interior door, 8' - Detach &amp; reset</td>
<td>1.00 EA</td>
</tr>
<tr>
<td>50. Mask and prep for paint - paper and tape (per LF)</td>
<td>29.38 LF</td>
</tr>
<tr>
<td>51. Seal &amp; paint baseboard, oversized - two coats</td>
<td>29.38 LF</td>
</tr>
<tr>
<td>52. Paint casing - oversized - one coat</td>
<td>16.00 LF</td>
</tr>
</tbody>
</table>
## Recap by Category

<table>
<thead>
<tr>
<th>O&amp;P Items</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLIANCES</td>
<td>2,009.20</td>
<td>0.85%</td>
</tr>
<tr>
<td>CABINETRY</td>
<td>33,015.15</td>
<td>13.99%</td>
</tr>
<tr>
<td>CLEANING</td>
<td>3,179.86</td>
<td>1.35%</td>
</tr>
<tr>
<td>CONTENT MANIPULATION</td>
<td>573.28</td>
<td>0.24%</td>
</tr>
<tr>
<td>GENERAL DEMOLITION</td>
<td>8,682.15</td>
<td>3.68%</td>
</tr>
<tr>
<td>DOORS</td>
<td>773.27</td>
<td>0.33%</td>
</tr>
<tr>
<td>DRYWALL</td>
<td>17,528.92</td>
<td>7.43%</td>
</tr>
<tr>
<td>ELECTRICAL</td>
<td>14,725.85</td>
<td>6.24%</td>
</tr>
<tr>
<td>FLOOR COVERING - CARPET</td>
<td>368.20</td>
<td>0.16%</td>
</tr>
<tr>
<td>FLOOR COVERING - VINYL</td>
<td>4,003.91</td>
<td>1.70%</td>
</tr>
<tr>
<td>FLOOR COVERING - WOOD</td>
<td>31,463.74</td>
<td>13.34%</td>
</tr>
<tr>
<td>PERMITS AND FEES</td>
<td>9,500.00</td>
<td>4.03%</td>
</tr>
<tr>
<td>FINISH CARPENTRY / TRIMWORK</td>
<td>16,093.69</td>
<td>6.82%</td>
</tr>
<tr>
<td>FINISH HARDWARE</td>
<td>262.18</td>
<td>0.11%</td>
</tr>
<tr>
<td>FIRE PROTECTION SYSTEMS</td>
<td>4,000.00</td>
<td>1.70%</td>
</tr>
<tr>
<td>FRAMING &amp; ROUGH CARPENTRY</td>
<td>243.30</td>
<td>0.10%</td>
</tr>
<tr>
<td>HEAT, VENT &amp; AIR CONDITIONING</td>
<td>3,000.00</td>
<td>1.27%</td>
</tr>
<tr>
<td>INSULATION</td>
<td>7,249.44</td>
<td>3.07%</td>
</tr>
<tr>
<td>LABOR ONLY</td>
<td>6,000.00</td>
<td>2.54%</td>
</tr>
<tr>
<td>LIGHT FIXTURES</td>
<td>1,907.83</td>
<td>0.81%</td>
</tr>
<tr>
<td>PLUMBING</td>
<td>8,592.72</td>
<td>3.64%</td>
</tr>
<tr>
<td>PAINTING</td>
<td>18,456.48</td>
<td>7.82%</td>
</tr>
<tr>
<td>TEMPORARY REPAIRS</td>
<td>260.00</td>
<td>0.11%</td>
</tr>
<tr>
<td>WINDOW TREATMENT</td>
<td>165.85</td>
<td>0.07%</td>
</tr>
<tr>
<td><strong>O&amp;P Items Subtotal</strong></td>
<td>192,055.02</td>
<td>81.40%</td>
</tr>
<tr>
<td>Permits and Fees</td>
<td>38.54</td>
<td>0.02%</td>
</tr>
<tr>
<td>Material Sales Tax</td>
<td>4,516.93</td>
<td>1.91%</td>
</tr>
<tr>
<td>Overhead</td>
<td>19,661.34</td>
<td>8.33%</td>
</tr>
<tr>
<td>Profit</td>
<td>19,661.34</td>
<td>8.33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>235,933.17</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Copyright 2023. United Policyholders.
All rights reserved.
Overview of buying (instead of rebuilding)

- You need to reach an agreement with your insurance company on the dollar amount it would theoretically cost if you did rebuild the exact same home that was destroyed.
- This includes code upgrade coverage and extended benefits that are available.
- Generally, that is what the insurer owes you, (up to policy limits).
(c) In the event of a total loss of the insured structure, a policy issued or delivered in this state shall not contain a provision that limits or denies, on the basis that the insured has decided to rebuild at a new location or to purchase an already built home at a new location, payment of the building code upgrade cost or the replacement cost, including any extended replacement cost coverage, to the extent those costs are otherwise covered by the terms of the policy or any policy endorsement. However, the measure of indemnity shall not exceed the replacement cost, including the building code upgrade cost and any extended replacement cost coverage, if applicable, to repair, rebuild, or replace the insured structure at its original location.
Replacement cost to rebuild vs. Price of replacement home you want to buy

• Present your insurer with one or more estimates for what it would cost to rebuild
• Reach an agreement with your insurer on that cost.
• After you have reached an agreement with the insurer as to the amount it would have cost to build the home that was destroyed, find a home that costs at least as much as it would have cost to rebuild as was.
• Present the real estate documentation to your insurer
Deep Breath
COMMON PROBLEMS
Examples of Xactimate Omissions
(Total Loss Estimates/Scope of Loss)

Supervision

Supervision is left out of 95% of all scopes. Omitting supervision can cost restoration contractors thousands per project. Most claims require some form of supervision. This needs to be accounted for as a separate line item in the Xactimate estimate. The cost of supervision is a job-specific cost and is not included in overhead and profit.

Includes: Hourly labor rate for residential/commercial supervision/project management.

Note: This is for a Superintendent/Project Manager used to manage residential jobs where Supervision/Project Management is needed to coordinate the work of subcontractors, or perform other project management duties.
Personal Protective Equipment (PPE)
Many contractors ignore this job-specific cost. See below for the description taken directly from Xactimate:

• Includes: Disposable coveralls, tape, gloves, and mask.
• Quality: Disposable coveralls with zipper front, hood, elastic wrists, and skid resistant boots. Puncture resistant vinyl, latex, or nitrile gloves. N-95 NIOSH approved paper mask.
• Heavy duty PPE is available as well.

Per Diem for Crews
Housing/transportation for supervision, crews, subs
Material Costs

Lumber, concrete

Subcontractor Costs

Electrical, plumbing, roofing tend to not cover actual baseline costs of these construction costs in your county, much less surge pricing for oversubscribed trades in remote areas.
Examples of Xactimate Omissions (Partial Losses)

Repair of Drywall

If your repair includes pulling out baseboards, repairs must be made to the walls. Very few estimates account for this.

In addition to the drywall, a skim coat after the repairs is typically made to ensure the evenness of the wall surface and assure a uniform final appearance.

This will affect your Scope of Loss in regards to how much priming and painting will be done. You want the wall to be perfect after the repairs are made.
Contents Manipulation
This can range from $50 per room to a complete inventoried pack-out, storage in a climate controlled facility and pack-back for $1000's depending on the circumstance.

Detach & Reset Fixtures, etc.
Detach and reset light fixtures, fans, vent covers, blinds, shelving, etc., when painting or performing should be accounted for in your estimate. The costs associated with these items can add up very quickly.

Plastic & Pads
Charges for floor protection, contents protection, wall protection, cabinet protection, etc., are often missing.
Once I provide a scope of loss, what happens next?

• The insurance company will review the document and may or may not accept it. If you hired professional help, they may be asked to answer questions from the insurance company about the Scope of Loss.

• If it goes to Appraisal or Litigation, your professional help may be asked to defend the Scope of Loss during mediation/litigation.
Colorado insurance code

Bulletin No. B-5.04

Attachment A to Bulletin B-5.4

Summary of § 10-4-120, Colorado Revised Statutes

The law prohibits an insurance company or its agent from:

- Requiring that appraisals or repairs to the real or personal property be made or not be made by a specific repair business
- Representing to a claimant that the use of or the failure to use a particular repair business may result in nonpayment or delayed payment
- Coercing, intimidating, threatening, or inducing by incentive, a beneficiary or claimant to use a particular business for repairs except that an inducement by incentive does not include Warranty or Guaranty of repairs
- Contracting with a person to manage, handle, or arrange repair work for the insurer on the condition a business does claims work at a price established by the insurer and the person retains a percentage of any compensation paid by the insurer
- Using disincentives to discourage a beneficiary or claimant from using a repair business, not including warranty or guaranty repairs
- Soliciting or accepting a referral fee in exchange for referring the beneficiary or claimant to a repair business
- Requiring the beneficiary or claimant to travel an unreasonable distance to choose a repair business
- Misinforming a beneficiary or claimant to induce the use of a particular repair business
- Requiring a third-party claimant to have repairs done by a particular repair business

- Use of estimating software programs is common in determining the cost of rebuilding a dwelling. The insurer should consider other factors that may not be included in the estimating program. For example, the slope and building grade of the land, the specific attributes of the insured home and availability of labor and materials. These factors will generally impact the actual cost to rebuild. Insurers should also adjust pricing to reflect the specific region the insured property is located, taking into account local conditions that may affect costs. An insurer’s refusal to consider additional information related to the cost to rebuild a particular dwelling may constitute a violation of § 10-3-1104 (1) (h) (IV), C.R.S.

- Sections 10-4-120(3)(c) and (f), C.R.S., requires insurers pay the prevailing competitive market price for the geographic area in which the loss occurred.
MOVING FORWARD
How can I close the gap?

• The GAP occurs when the insurance company’s scope of loss (and thus, their offer of what they will pay to repair/replace your home) is LESS THAN the actual cost to repair or replace your home (lowballing).

• Get and present to your insurer detailed written estimates from reputable independent builders.

• Set up a face-to-face meeting between your selected contractor and your insurance adjuster to reconcile pricing/scope differences.

• Consider hiring your own expert to create an independent scope of loss for your destroyed home.
Again, the *dollars are in the details*

If there’s a gap between the Insurer’s numbers and yours, isolate why there’s a gap.

– Is scope complete (no rooms missing)
– Are details for interior finishes correct (wall & floor coverings, light fixtures, appliances, ceiling treatments, window and door hardware, etc.)
– Are prices accurate? (lumber, concrete)
– Are categories missing? (supervision, travel/housing for subs coming out of area)
Keeping your claim moving forward

• Aim to agree on the cost of replacing what you had, and how much the insurance company is obligated to pay

• Problems often arise if you try to negotiate a settlement on the new home you want to build instead of the one you had
Sample letter requesting claim related documents

• Ask how they calculated the first payment

• Request your claim related documents

Sample Letter for Requesting Copies of Claim-Related Documents

Use this letter to request copies of documents related to your insurance claim such as inspection reports, estimates, measurements, notes, and damage assessments.

Use this letter to request a complete copy of your claim file from your insurance company.

NOTE: This letter is a sample that must be customized to fit the facts of your individual situation and claim. All bracketed and underlined portions must be completed or revised before sending.

(Date)

(Name of adjuster or highest-ranking ins. co. employee you can identify)

(Name of Insurance Co.)

(Address)

Re: Claim Number

Date of Loss: ______________

Name of Insured: ____________________________

Address of Insured Property: ____________________________

Dear [INSURANCE COMPANY],

As part of your investigation of our claim, your adjuster and people associated with or hired by your company may have inspected our property, taken notes and written or obtained reports and estimates on the damage. We need to see those reports and estimates so we can be informed and continue cooperating with you on our claim. Thank you in advance for your return cooperation.

Please provide complete copies of our claim file and/or all claim-related documents. For purposes of this request, "claim-related documents" means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs.

[NOTE: If you live in California, your insurance company is legally required to comply with this request by Cal. Ins. Code section 2071 – Requirements in Case Loss Occurs]

Please send these documents to the mailing address listed below within fifteen (15) calendar days of the date of this letter. Thank you in advance for your prompt handling of this request. I look forward to receiving the above-requested documents and working with [INSURANCE COMPANY] to reach a full, fair and timely settlement.

Sincerely,

YOUR NAME

MAILING ADDRESS
## Summary of Loss

**Named Insured:**

**Claim Number:**

<table>
<thead>
<tr>
<th>Coverage A - Dwelling</th>
<th>Limit of Liability: $</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>State Farm Estimate - Dwelling - Includes $25,958.64 for debris removal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>----- Dwelling - Amount Over Policy Limit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State Farm Estimate - Dwelling Extension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>----- Dwelling Extension - Amount Over Policy Limit</td>
</tr>
</tbody>
</table>

**Total Coverage A:** $ 520,615.00

<table>
<thead>
<tr>
<th>Coverage B - Personal Property</th>
<th>Limit of Liability: $</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal property Inventory</td>
<td></td>
<td>$470,778.01</td>
</tr>
<tr>
<td>----- Amount Over Policy Limit</td>
<td></td>
<td>$-115,813.01</td>
</tr>
</tbody>
</table>

**Total Coverage B:** $ 354,965.00

<table>
<thead>
<tr>
<th>Coverage C - Loss of Use</th>
<th>Limit of Liability: $</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALE Worksheet - revised 6/25/2018</td>
<td></td>
<td>$32,707.88</td>
</tr>
</tbody>
</table>

**Total Coverage C:** $ 32,707.88

<table>
<thead>
<tr>
<th>Other Coverages (if applicable)</th>
<th>Limit of Liability: $</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling Extension - Additional 5% of limit for Debris Coverage</td>
<td>$2,839.74</td>
<td>$2,366.45</td>
</tr>
<tr>
<td>Trees, Shrubs, Landscape, &amp; Hardscape</td>
<td>$23,664.30</td>
<td>$11,859.52</td>
</tr>
<tr>
<td>Personal Property - Option Jewelry &amp; Furs</td>
<td>$2,500.00</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Option Ordinance or Law (OPT OL is 50% of dwelling limit)</td>
<td>$118,321.50</td>
<td>$77,998.68</td>
</tr>
<tr>
<td>Dwelling - Option Increased Dwelling (OPT ID)</td>
<td>$94,657.20</td>
<td>$12,843.62</td>
</tr>
</tbody>
</table>

**Total Other Coverages (if applicable):** $ 107,568.27

<table>
<thead>
<tr>
<th>Payments Made</th>
<th>Date</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10/23/2017</td>
<td>$103,490.00</td>
<td>Coverage B Advance (30%)</td>
</tr>
<tr>
<td></td>
<td>12/12/2017</td>
<td>$429,397.96</td>
<td>Cov A settlement per SOL 12/12/2017</td>
</tr>
<tr>
<td></td>
<td>1/5/2018</td>
<td>$9,623.00</td>
<td>Temporary housing from October 20, 2017 thru January 31, 2018</td>
</tr>
<tr>
<td></td>
<td>2/12/2018</td>
<td>$6,583.82</td>
<td>Temp Housing thru March 31, 2018</td>
</tr>
<tr>
<td></td>
<td>2/12/2018</td>
<td>$162,733.75</td>
<td>Coverage B Advance up to 75%</td>
</tr>
<tr>
<td></td>
<td>2/12/2018</td>
<td>$437.62</td>
<td>502629333Q ALE supplement</td>
</tr>
<tr>
<td></td>
<td>2/12/2018</td>
<td>$3,000.00</td>
<td>Payment for Deductible Absorption</td>
</tr>
<tr>
<td></td>
<td>5/1/2018</td>
<td>$6,638.62</td>
<td>PG&amp;E payment, Temporary housing for April &amp; May</td>
</tr>
</tbody>
</table>
Lessons Learned

• Take your time (if you rush you’ll forget something)
• Document everything in writing and keep copies
• When a claim is rejected or delayed, ask for specific language supporting the denial (always ask in writing for an extension on timeframe to settle your claim)
• It’s common to be denied, so be politely persistent - get the facts and keep asking for clarification
Guidance available in the UP Claim Help Library at www.uphelp.org

- The scoop on “scope” of loss
- Guidelines for reviewing adjuster’s and contractor’s estimates
- Xactimate Demystified
- Questions to ask before hiring a contractor
- Samples: Trade summary breakdown, room by room estimate, commonly required code upgrades
Stay informed – Sign UP

To be added to our mailing list for notices of future events and updated guidance:

- Encourage friends to sign up: www.uphelp.org/signup

- To request a copy of today’s slides or video, email: info@uphelp.org
Stay connected to other disaster survivors – S2S Forums

• Great source of information about:
  – Insurance and rebuilding
  – Negotiation and financial strategies
  – Referrals and warnings re: professionals

• Important source of emotional support
  – No one else understands your challenges and emotions like another survivor

➢ Find upcoming Survivor 2 Survivor Forums and register at: http://www.uphelp.org/events
Colorado Division of Insurance
Our Mission is Consumer Protection

Assistance available Monday-Friday
8:00 a.m. to 5:00 p.m. MT
Phone: 303-894-7499 | Toll free outside the Denver Metro Area: 800-930-3745
Email: dora_insurance@state.co.us
CALIFORNIA
DEPARTMENT OF
INSURANCE

Wildfire resources
and insurance
information

FOR FREE, PERSONAL ASSISTANCE WITH YOUR CLAIMS OR UNDERINSURANCE ISSUES

CALL US AT: 1 800 927 4357

OR GO ONLINE: insurance.ca.gov

Copyright 2023. United Policyholders. All rights reserved.
Contents Pricing Party for wildfire survivors

📅 Saturday, January 21, 2023
10:00 a.m. PT

📍 Zoom

👥 All wildfire survivors

www.uphelp.org/events
Register for upcoming events.
View recordings of past events and related resources.
Ask an Expert Forum
www.uphelp.org/ask-an-expert

• Register. It’s free.
• Write in your questions.
• Get an answer from an expert in construction, insurance, laws and disaster recovery.
Thank You to Our Funders

RCRC

Golden State Finance Authority

Community Foundation Boulder County

Ventura County Community Foundation

Community Foundation Santa Cruz County

Copyright 2023. United Policyholders. All rights reserved.